

File No. 260328

Committee Item No. 1

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Appropriations Committee Date April 8, 2026

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Completed by: Brent Jalipa Date April 2, 2026

Completed by: Brent Jalipa Date \_\_\_\_\_



# CITY AND COUNTY OF SAN FRANCISCO

**TO:** Mayor Daniel Lurie  
President Rafael Mandelman and Members of the Board of Supervisors

**FROM:** Dan Goncher, Board of Supervisors Budget & Legislative Analyst  
Sophia Kittler, Mayor's Budget Director  
Greg Wagner, Controller

**DATE:** March 31, 2026

**SUBJECT:** **Budget Outlook Update (March Five-Year Update)**

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## Executive Summary

San Francisco Administrative Code Section 3.6(b) requires the Mayor, Board of Supervisors Budget Analyst, and Controller to submit regular updates to the City's Five-Year Financial Plan. This report (sometimes referred to as the Joint Report) updates our offices' last projection, which was published in the City's Five-Year Financial Plan Update in December 2025.

Given more recent information and trends, compared to our December 2025 forecast, our offices project smaller shortfalls in FY 2026-27 through FY 2029-30. Despite this improvement, the projected deficit for the upcoming budget is large by historical standards and will require significant actions to balance the budget by the June 1, 2026 deadline. In addition, this report continues to project a significant structural deficit growing to over \$1 billion during the forecast period.

- The General Fund shortfall for the coming fiscal year (FY 2026-27) is forecast to be \$168.5 million, or \$127.8 million less than our last projection.
- In the upcoming two fiscal years, the period for which the City is required to adopt a balanced budget, our offices now project a \$642.8 million General Fund shortfall, or \$293.8 million less than the \$936.6 million shortfall projected in the December 2025 report.
- The estimated revenue impact of funding changes from H.R.1 is unchanged from the prior projection at a two-year total of \$306.3 million, representing just under half of the total \$642.8 million shortfall.
- Long term structural shortfalls remain, growing to \$1,088.6 million by FY 2029-30, which is \$79.9 million less than the December 2025 projection.
- Heightened levels of uncertainty exist that could materially affect this forecast in coming years, most notably the economic and fiscal effects of federal policy changes which could constrain

federal and state funding to local governments and drive changes to inflation, labor markets, and consumer sentiment that affect the national and local economies.

These updates are the result of improvements in current year fund balance, increased General Fund revenues in FY 2026-27, ongoing Public Health revenue increases, and lower employer contributions for retirement, along with nominal updates to other citywide expenditures. Table 1 outlines the updated cumulative projected General Fund shortfalls.

**Table 1. Base Case – General Fund-Supported Projected Budgetary Surplus / (Shortfall) (\$ Millions)**

	Projection 2026-27	Projection 2027-28	Projection 2028-29	Projection 2029-30
<b>SOURCES Increase / (Decrease)</b>	<b>445.4</b>	<b>823.3</b>	<b>938.1</b>	<b>902.8</b>
<b>Uses</b>				
Baselines & Reserves	(195.0)	(203.6)	(236.4)	(243.1)
Salaries & Benefits	(205.7)	(528.5)	(688.6)	(844.3)
Citywide Operating Budget Costs	(50.2)	(178.6)	(239.9)	(318.9)
Departmental Costs	(78.5)	(165.1)	(289.0)	(380.3)
<b>USES Decrease / (Increase)</b>	<b>(529.4)</b>	<b>(1,075.8)</b>	<b>(1,453.9)</b>	<b>(1,786.6)</b>
Subtotal Surplus / (Shortfall)	(83.9)	(252.5)	(515.8)	(883.8)
State & Federal Policy Impacts	(84.5)	(221.8)	(226.0)	(204.8)
<b>Projected Surplus / (Shortfall)</b>	<b>(168.5)</b>	<b>(474.3)</b>	<b>(741.7)</b>	<b>(1,088.6)</b>
<b>Two-Year Deficit</b>	<b>(642.8)</b>			

## Changes from the December 2025 Five-Year Financial Plan

Table 2 below outlines the cumulative changes from the December 2025 projections that are reflected in this update; these changes are described in more detail below.

**Table 2: Cumulative Changes to Updated Projected Budgetary Surplus / (Shortfall) (\$ Millions)**

	Projection 2026-27	Projection 2027-28	Projection 2028-29	Projection 2029-30
<b>SOURCES Increase / (Decrease)</b>	<b>193.0</b>	<b>125.6</b>	<b>135.1</b>	<b>80.8</b>
<b>Uses</b>				
Baselines & Reserves	(76.2)	16.6	22.6	31.2
Salaries & Benefits	10.8	23.0	17.3	(15.4)
Citywide Operating Budget Costs	0.2	0.8	(7.5)	(16.7)
Departmental Costs	-	-	-	-
<b>USES Decrease / (Increase)</b>	<b>(65.2)</b>	<b>40.4</b>	<b>32.4</b>	<b>(0.9)</b>
Subtotal Surplus / (Shortfall)	127.8	166.0	167.6	79.9
State & Federal Policy Impacts	-	-	-	-
<b>Projected Surplus / (Shortfall)</b>	<b>127.8</b>	<b>166.0</b>	<b>167.6</b>	<b>79.9</b>
<b>Two-Year Deficit</b>	<b>293.8</b>			

**SOURCES – Revenue, Fund Balance, and Reserves:** General Fund sources are projected to increase by \$360.9 million in FY 2026-27, \$240.6 million in FY 2027-28, \$110.6 million in FY 2028-29, and decrease by \$14.1 million in FY 2029-30. Compared to the December 2025 report, this represents an increase of \$193.0 million in FY 2026-27, and a cumulative \$80.8 million increase of revenues by FY 2029-30. Key drivers of this change include:

- **Fund Balance:** An additional \$149.1 million of FY 2025-26 fund balance is assumed in this forecast, of which \$89.4 million was reported in the Controller’s Six-Month Budget Status Report and \$59.7 million is due to additional current year tax revenue discussed below. Two-thirds of fund balance is assumed to be used in FY 2027-28 and the remaining third in FY 2028-29, consistent with the December 2025 report.
- **General Fund Tax Revenues:** Net General Fund revenues are improved from the prior projection. Weakness in property tax is partially offset by improvements in hotel, sales, and transfer taxes. Importantly, this forecast updates business taxes for the effects of Prop M (November 2024), given tax year 2025 filing and payment data now available. The most significant revenues are discussed below:
  - **Property Tax:** Projected property tax revenues are lower throughout the forecast period due to an increase in the projected amount of revenue required to fund Assessment Appeals Board decisions, lower net revenue from supplemental property tax bills, and a correction to previous estimates of the General Fund impact of debt service for potential redevelopment successor agency housing bonds.

Annual secured roll growth continues to be assumed at the Prop 13 maximum allowed rate of inflation of 2%. Compared to prior projections, supplemental and escape tax revenue generated by enrollment of changes in ownership are projected to be \$8 million more in FY 2025-26, \$2 million less in FY 2026-27, \$11 million less in FY 2027-28, \$15 million less in FY 2028-29, and \$2 million less in FY 2029-30. Negative supplementals (i.e., changes in ownership at lower values that trigger partial refunds of taxes paid) for commercial properties are anticipated to significantly offset positive supplemental property tax revenues.

Revenue at risk from assessment appeals is projected using CoStar forecasts of prices for different property types. General Fund revenue required to pay refunds due to Assessment Appeals Board (AAB) decisions is projected to increase by \$56 million in FY 2025-26, \$15 million in FY 2026-27, \$6 million in FY 2027-28, \$17 million in FY 2028-29, and \$33 million in FY 2029-30. While commercial property valuations appear to have bottomed out and seen some recovery, many properties that have not sold since 2020 remain at lower market valuations than their most recent sale price.

Senate Bill 593 (SB-593, 2023) provides legal authority to the Office of Community Investment and Infrastructure (OCII) to issue bonds for replacement housing provided that no taxing entities outside the City experience a related reduction in residual tax increment revenue as a result, meaning debt service for these bonds will be paid 86% by the City’s General Fund and 14% by the City’s special revenue funds for library, open space, and children. The prior forecast incorrectly assumed the same allocation of foregone revenue as for all other OCII debt service; the net General Fund impact of this

correction across the projection period is a \$44 million reduction in property tax revenues.

California Department of Education (CDE) and California Community College Chancellor's Office (CCCCO) FY 2025-26 funding level reports published at the end of February 2026, along with revised property tax revenue projections for the schools, resulted in excess ERAF revenues for the City increasing by \$8.6 million in FY 2025-26, and \$8.2 million in FY 2026-27, and decreasing \$3.1 million in FY 2027-28, \$6.7 million in FY 2028-29, and \$7.1 million in FY 2029-30. Excess ERAF can be dramatically affected by changes in local property tax revenue projections and by changes in state law and school funding under Proposition 98. For example, AB 2526, introduced on February 20, 2026, appears to increase special education allocations from ERAF to schools, which would reduce the amount of excess ERAF available to return to the City.

**Business Tax:** In the current fiscal year, FY 2025-26, business tax revenues are expected to exceed the most recent projection in the Six-Month Report by \$42.8 million. In FY 2026-27 business taxes are projected to increase by \$115 million more than the previous projection in the December 2025 Five Year Financial Plan, followed by a \$24.3 million decrease from prior projections in FY 2028-29. This is largely due to timing effects of Proposition M (2024) described in detail below. The report assumes slight improvements to the business tax forecast in FY 2028-29 and FY 2029-30 of \$18.0 million and \$32.2 million, respectively.

Proposition M (2024), first effective for tax year 2025, restructured the City's business taxes by modifying gross receipts calculations and tax rates, increasing the small business exemption, and reorganizing business activity categories. This restructuring created significant uncertainty in the revenue forecast. The filing deadline for 2025 taxes was March 2, 2026, although businesses can file for an extension with a due date of November 30, 2026. To date, an estimated 60% of the City's Gross Receipts tax base has filed. Although full information about Prop M will not be available until after the extension deadline in November 2026, the filings to date provide the first concrete information about the impact of Prop M. Even with the challenges in forecasting revenue with the change to Prop M, actual filed revenue is within approximately 1% of projected revenue.

The previous forecast, however, overestimated the share of the tax base that would file taxes by March 2, which changes the distribution of revenue across fiscal years. Because the tax rates are increasing, taxpayers on average would owe additional taxes when they filed. The forecast assumed that 75% of the tax base would have filed by March 2 and the City would have received the additional taxes with the filings. Since only 60% of the tax base has filed, the City has received less revenue than expected in FY 2025-26. Although this does not affect the total revenue collected over time for a tax year, it does shift revenue collections out of FY 2025-26 and into FY 2026-27. This dynamic, along with other administrative provisions, is the main reason that revenue increases significantly in FY 2026-27 and then decreases in FY 2027-28.

As required by Prop M, the Controller will issue a report by September 1, 2026 with a full discussion of the performance of the new tax system.

Litigation continues to be a factor affecting revenue projections. Several large cases have settled in FY 2025-26, including General Motors, Airbnb, and Microsoft. Because these cases settled for less than what the City held in reserve, the settlements—taken in isolation—increase General Fund revenue by more than \$100 million. The total revenue impact of all litigation, however, must account for other factors. The City has received new gross receipts tax claims, and taxpayers in ongoing matters have expanded their claims to include more tax years. In addition, as explained in previous reports, the current budget reflects the decision to smooth revenue among fiscal years by funding 75% of the estimated liability in FY 2024-25 and the remaining 25% in FY 2025-26, which requires a reserve deposit of more than \$80 million in the current fiscal year. Taken together, the projected reserve for General Fund tax litigation has decreased from \$394 million to \$384 million since the Six-Month Budget Status Report was issued.

- **Transfer Tax:** The City's real property transfer tax projection grew by \$8.6 million in FY 2025-26 from the Six-Month Report, and \$44.3 million, \$31.4 million, \$17.2 million, and \$1.9 million from the December 2025 Report in FY 2026-27 through FY 2029-30.

Both the prior December 2025 Report and this update project transfer tax revenue to reach approximately \$400 million by FY 2029-30. However, after the historically weak years of FY 2022-23 and FY 2023-24, it was unclear if the recovery seen in FY 2024-25 was an outlier or the beginning of a sustained, quick recovery. Based on strong average price, transaction count, and total revenue figures through the first eight months of FY 2025-26, the City is more confident transfer taxes will bounce back from pre-FY 2022-23 levels faster than anticipated in December.

- **Hotel Tax.** Hotel tax revenues in this projection are higher than the Fall 2025 forecast due to stronger than projected performance in the current year. General Fund Hotel Tax revenue is projected at \$282.8 million in FY 2025-26, \$289.4 million in FY 2026-27, \$291.6 million in FY 2027-28, \$300.0 million in FY 2028-29, and \$304.4 million in FY 2029-30. Revenues to date for FY 2025-26 benefitted from strong Moscone Center event attendance and high demand driven by Super Bowl LX, which was held in Santa Clara in early February. Incremental gains in hotel tax revenue after FY 2025-26 are modest, reflecting the absence of large events like the Super Bowl, along with uncertainty about international travel and Moscone Event attendance in later forecast years.
- **Public Health Operating Revenue:** Department of Public Health (DPH) operating revenues, before accounting for recent State and federal policy changes, are expected to increase by \$120.6 million in FY 2026-27, an increase of \$29.5 million from the most recent projection in December 2025. DPH operating revenues are expected to grow by \$51.1 million in FY 2027-28, \$60.8 million in FY 2028-29, and \$26.9 million in FY 2029-30. This is largely due to increased patient revenues at Laguna Honda Hospital and Zuckerberg San Francisco General Hospital. DPH has identified these increases as part of the current budget process, and the projections align with FY 2025-26 revenues as reported in the recent Controller's Six-Month Report. However, recent policy changes risk offsetting these increases due to new federal policy impacts beginning in FY 2026-27, as outlined in the 'Risks to this Forecast' section below.

- **Use of Reserves:** This update assumes no major changes to the use of reserves from the December 2025 report.

**USES – Baselines and Reserves:** Baseline and reserve costs are projected to increase by \$195.0 million in FY 2026-27, \$8.6 million in FY 2027-28, \$32.8 million in FY 2028-29, and \$6.7 million in FY 2029-30. Compared to the December 2025 report, baseline and reserve spending will increase by \$76.2 million in FY 2026-27. However, these costs will increase less than previously reported in FY 2027-28 through FY 2029-30. This is due to changes in General Fund revenues mentioned above.

- **Baselines:** Most of the City’s Charter-mandated baselines (including Municipal Transportation Agency, Library, and the Public Education and Enrichment Fund) are driven by changes in aggregate discretionary revenue (ADR), which typically follows the General Fund revenue projection. Baseline allocations have grown significantly in FY 2026-27, since the last report, following the change in ADR projection. Neither the December 2025 Report nor this Update assume a pause in the growth of any baseline.
- **Deposits to Reserves:** Net increases or decreases in projected General Fund revenues as well as current year spending trigger corresponding changes in General Reserve deposits, which have increased from the December 2025 report. Uses of the General Reserve to fund supplemental appropriations in the current year require equal deposits in the budget year. In the current year to date the Board of Supervisors has approved the use of \$3.5 million of General Reserve for immigrant legal defense, \$0.3 million for parking and transit for Lunar New Year celebrations, and \$4.2 million for street conditions staffing and HRC community initiatives. Additionally, the Six-Month Budget Status Report showed net shortfalls of \$1.2 million at the Public Defender and \$8.5 million at the Sheriff’s Department, which may require uses of General Reserve to close. Deposits to the Budget Stabilization Reserve have been updated to reflect current real property transfer tax revenue projections, as 75% of revenue that exceeds the previous five-year average must be deposited. Including the current fiscal year, the total increase in the deposit is \$13.0 million.

**USES – Salaries & Benefits:** Projected salary and benefit costs increase by \$205.7 million in FY 2026-27, \$322.8 million in FY 2027-28, \$160.1 million in FY 2028-29, and \$155.7 million in FY 2029-30. Cumulative salary and benefit costs will decrease compared to the December 2025 report by \$10.8 million in FY 2026-27, \$23.0 million in FY 2027-28, and \$17.3 million in FY 2028-29, largely due to decreases in pension contributions. Costs will increase compared to prior projections by \$15.4 million in FY 2029-30, due to increased projected costs of health benefits and labor contracts due to updated CPI projections.

- **CPI Changes for Labor and Non-Labor Cost Projections:** In years when labor contracts are open, projections continue to assume consumer price index (CPI) increases, which are revised in this update to be 3.35% in FY2026-27, 3.12% in FY 2027-28, 2.94% in FY 2028-29, and 2.86% in FY 2029-30. These changes are based on updates to the average projections of the California Department of Finance SF Area CPI and Moody’s SF Metropolitan Statistical Area CPI. CPI assumptions have been updated as follows:

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
<b>December 2025</b>	3.30%	3.04%	2.34%	2.26%
<b>March 2026</b>	3.35%	3.12%	2.94%	2.86%
<b>Difference</b>	0.05%	0.08%	0.60%	0.60%

- **Retirement Benefits – Employer Contribution Rates:** This projection includes updates to the employer contribution rates for the San Francisco Employees’ Retirement System (SFERS). The decreased costs compared to prior projections are due to an update to the FY 2026-27 employer contribution rate, which decreased from 17.06% in the December 2025 projection, prior to employee cost-sharing, to 16.7%. This decrease in employer contribution rates is mainly the result of the Retirement Board’s adoption of a new method of cost amortization of supplemental COLAs in March 2026. The updated method more closely aligns the funding of supplemental COLAs with the investment gains that generated them, using a longer amortization period when asset returns are less than approximately 12% while maintaining a five-year amortization period when asset gains are larger.
- **Health and Dental Benefits for Active Employees and Retired City Employees:** Health costs for active members are higher compared to prior projection due to an increase in projected growth from 9% to 9.5%. This forecast also includes updated health plan enrollments as of February 2026. Key cost increase drivers include policy and regulation shifting cost from government to commercial plans, service price inflation driven by increasing labor costs and high service intensity, specialty prescription and GLP-1 drugs, and high-cost claims. Health costs for retired City employees are also projected to increase slightly throughout the forecast period compared to the prior projections.

**USES – Citywide Operating Costs:** Projected citywide operating costs increase by \$50.2 million in FY 2026-27, \$128.5 million in FY 2027-28, \$61.3 million in FY 2028-29, and \$79.0 million in FY 2029-30. This represents a cumulative increase of \$16.7 million by FY 2029-30 over the previous projection, due to slight decreases to the cost of debt service countered by increases to inflation of multi-year grants.

**USES – Departmental Operating Costs:** Projected departmental costs increase by \$78.5 million in FY 2026-27, \$86.6 million in FY 2027-28, \$123.9 million in FY 2028-29, and \$91.3 million in FY 2029-30. There have been no changes in projected departmental operating costs since the December 2025 report.

## Key Factors that Could Affect the Forecast

Significant uncertainties and outstanding policy choices remain that could affect the City’s financial condition over the next five years:

- **Recent forecasts indicate slower GDP growth and elevated levels of uncertainty:** This forecast does not project a recession. In their December 2025 review, the consensus of the Blue Chip panel of economic forecasters was for steady economic growth and a 35% probability that the U.S. will experience a recession by the end of 2026. In 2025 the U.S. experienced strong GDP growth and financial market performance but weak employment growth. Labor supply and demand are now falling in tandem as firms pause due to heightened uncertainty on tariffs and deportations, H-1B visa limitations, threats to Federal Reserve independence, the possibility of an AI stock market correction, and the growing risk of a prolonged oil shock from the US/Israel-Iran war. Concurrent increases in inflation and a weak labor market complicate the Federal Reserve’s ability to meet its dual mandate to manage inflation and support employment.

- **Impact of Federal funding changes from 2025 H.R. 1:** This report assumes no change from prior projections in the estimated revenue loss from H.R. 1, the federal budget reconciliation bill 1 that was signed into law on July 4, 2025, and includes, among other provisions, the largest set of cuts to Medicaid since inception. H.R. 1 attempts to reduce direct federal funding to hospitals, other health care providers, and State and local governments and create barriers to enrollment to reduce the number of individuals who receive health coverage through Medicaid and other social safety net programs, resulting in reduced reimbursement to service providers. Revenue losses are assumed at \$84.5 million in FY 2026-27, \$221.8 million in FY 2027-28, \$226.0 million in FY 2028-29, and \$204.8 million in FY 2029-30. Projections do not assume the cost of hiring additional staff at the Human Services Agency to process more frequent eligibility redeterminations and review work requirements, or potential state revenue backfill. The Governor's January 2026 budget proposed increasing the State share of CalFresh Administration costs, up to a capped allocation, an increase of \$14.5 million in FY 2026-27 and \$19.3 million annually thereafter, should the state legislature adopt a budget funding this proposal. Significant uncertainty remains about the fiscal impact of H.R. 1 given state and federal implementation decisions yet to be made.
- **Fiscal impacts of other federal policy changes:** Since January 20, 2025, the federal administration and federal agencies have sought to eliminate, reduce, or condition federal funding based on policy preferences related to immigration, LGBTQ+ rights, clean energy, and DEI/DEIA activities, among other topics. Federal agencies have terminated, frozen, or conditioned grants and funding that City departments rely on for ongoing programming. The City and other plaintiffs have filed litigation challenging these actions and have successfully obtained court orders blocking many actions. The City Attorney will continue litigating to protect federal funds awarded to or received by the City and will continue to work with the Mayor's Office and City departments to protect the City's interests, but threats to the City's federal funding remain ongoing. The federal government is appealing court losses and implementing new funding cuts and conditions. Given the uncertainty in this area, the Board of Supervisors established the Federal and State Revenue Risk Reserve to address significant revenue shortfalls.
- **State budget impacts:** The state's FY 2026-27 budget proposal issued in early January included an improved revenue outlook offset by spending increases. The budget assumes strong income tax collections will continue through FY 2026-27 fueled by tech stock exuberance. Despite this growth, both the Governor and the Legislative Analyst's Office (LAO) anticipate significant ongoing structural deficits exceeding \$20 billion annually, which the proposed budget does not address, and which pose concerns about the sustainability of the state's finances. The growth of structural deficits has led the LAO to issue its most negative forecast of the budget since the pandemic. This report assumes no significant changes in state funding levels.
- **Labor negotiations:** This projection assumes approved wage increases in collective bargaining agreements for public safety unions through the end of FY 2025-26, and for all other unions through FY 2026-27. In years with open contracts, the report assumes inflation increases at the average of the California Department of Finance SF Metropolitan Statistical Area CPI and Moody's SF Metropolitan Area CPI. This average CPI has changed since the December 2025 report as noted above. This report does not reflect any contract changes due to ongoing labor negotiations with the Police and Firefighters' union.

- **Retirement contribution rate:** Projections assume the SFERS adopted 7.2% rate of return. FY 2025-26 returns through February 28, 2026, were 8.45%, however, final audited actuarial valuations may vary from the year-to-date return value due to market volatility and the additional time required to get private market valuations. Final results below the 7.2% assumption will result in higher retirement contribution costs during the forecast period.
- **Pending Policy Decisions with Fiscal Impact:** Legislative actions to increase spending, including uses of the General Reserve, without commensurate revenue increases, will increase the shortfalls projected in this report, as will any reductions to tax rates. On February 24, 2026, an ordinance was introduced that would reduce real property transfer tax rates for transactions exceeding \$10 million effective July 1, 2026. The current text of the ordinance would decrease revenue by an estimated \$93.8 million in FY 2026-27, \$96.4 million in FY 2027-28, \$98.8 million in FY 2028-29, and \$101.2 million in FY 2029-30.
- **Ballot measures:** Voters may approve measures in the future that could materially affect the City's financial outlook. At the time of publication, two initiative measures that would modify aspects of the City's gross receipts and overpaid executive taxes have been qualified to appear on the June 2, 2026 ballot. Measure D would increase the overpaid executive tax while Measure C would increase the small business tax exemption and accelerate currently scheduled increases in the overpaid executive tax rates. If both measures receive a majority vote, only the measure with the highest number of votes will be enacted. Neither measure would affect business tax revenue until FY 2027-28 and neither are included in this forecast.

## Conclusion

Given net improvement in local revenues, this update projects a lower General Fund deficit over the next five fiscal years compared to the December 2025 report. Yet the City's significant structural deficits remain, and the projected shortfall will be over \$1 billion by FY 2029-30 absent corrective action. At the same time, state and local governments across the country face heightened policy and revenue uncertainty at the federal level and economic risk from inflation, uncertainty on tariffs and deportations, H-1B visa limitations, threats to Federal Reserve independence, the possibility of an AI stock market correction, and the growing risk of a prolonged oil shock from the US/Israel-Iran war.

## Appendix A: Updated Base Case – General Fund-Supported Sources & Uses FY 2027-30 – INCREMENTAL CHANGE (\$ in millions)

This appendix provides an updated version of Table 2A from the December Five-Year Financial Plan.

SOURCES Increase/(Decrease)		Change from	Projection	Projection	Projection	Projection
		AAO Budget	2026-27	2027-28	2028-29	2029-30
		2026-27	2026-27	2027-28	2028-29	2029-30
<b>Fund Balance &amp; Reserves</b>						
1	Use of Fund Balance - Gain/(Loss)	(229.6)	(152.7)	449.6	(224.8)	(224.8)
2	Reserves - Use	-	44.8	(70.9)	-	-
<b>Subtotal Fund Balance &amp; Reserves</b>		<b>(229.6)</b>	<b>(107.9)</b>	<b>378.7</b>	<b>(224.8)</b>	<b>(224.8)</b>
<b>Revenues</b>						
3	General Fund Taxes, Revenues and Transfers net of items below	281.7	564.8	(60.0)	276.3	160.2
4	FEMA Revenue	(1.7)	(87.0)	-	-	-
5	Public Health - One-time Revenues	(4.0)	(49.6)	-	-	-
6	Public Health - Operating Revenues	24.2	120.6	51.1	60.9	26.9
7	Federal Policy Impacts	(84.5)	(84.5)	(137.2)	(4.2)	21.2
8	Other General Fund Support	(3.2)	4.6	8.1	2.4	2.4
<b>Subtotal Revenues</b>		<b>212.5</b>	<b>468.8</b>	<b>(138.0)</b>	<b>335.4</b>	<b>210.6</b>
<b>TOTAL CHANGES TO SOURCES</b>		<b>(17.1)</b>	<b>360.9</b>	<b>240.6</b>	<b>110.6</b>	<b>(14.1)</b>
<b>USES Decrease/(Increase)</b>						
<b>Baselines &amp; Reserves</b>						
9	Contributions to Baselines	(66.8)	(142.5)	2.2	(59.2)	(32.0)
10	Contributions to Reserves	(26.6)	(52.4)	(10.8)	26.4	25.3
<b>Subtotal Baselines and Reserves</b>		<b>(93.4)</b>	<b>(195.0)</b>	<b>(8.6)</b>	<b>(32.8)</b>	<b>(6.7)</b>
<b>Salaries &amp; Benefits</b>						
11	Previously Negotiated Closed Labor Agreements	0.4	(121.4)	(147.1)	-	-
12	Projected Costs of Open Labor Agreements	(6.0)	(27.2)	(114.2)	(90.7)	(123.8)
13	Health & Dental Benefits - Current & Retired Employees	(7.8)	(50.0)	(54.6)	(60.5)	(66.4)
14	Retirement Benefits - Employer Contribution Rates	(18.4)	(15.7)	(3.4)	(12.9)	35.5
15	Other Salaries and Benefits Savings/(Costs)	(4.4)	8.6	(3.5)	4.0	(1.0)
<b>Subtotal Salaries &amp; Benefits</b>		<b>(36.2)</b>	<b>(205.7)</b>	<b>(322.8)</b>	<b>(160.1)</b>	<b>(155.7)</b>
<b>Citywide Operating Costs</b>						
16	Capital, Equipment, & Technology	(1.1)	32.1	(33.0)	(29.9)	(30.6)
17	Multiyear Inflation on Nonprofit Grants	-	(24.1)	(25.5)	(26.2)	(27.0)
18	Minimum Compensation Ordinance	(0.4)	(2.7)	(3.1)	(2.9)	(2.6)
19	Debt Service & Real Estate	(10.0)	(45.7)	(51.6)	12.5	(4.0)
20	Sewer, Water, and Power Rates	0.2	(5.1)	(6.3)	(6.2)	(5.7)
21	Workers' Compensation Claims	-	1.1	(2.5)	(2.0)	(2.0)
22	Citywide Technology Operating Costs	1.0	(4.1)	(4.1)	(3.9)	(4.0)
23	Other Citywide Costs	(0.5)	(1.7)	(2.4)	(2.7)	(3.1)
<b>Subtotal Citywide Operating Costs</b>		<b>(10.8)</b>	<b>(50.2)</b>	<b>(128.5)</b>	<b>(61.3)</b>	<b>(79.0)</b>
<b>Departmental Costs</b>						
24	City Administrator's Office - Convention Facilities Subsidy	1.8	(3.8)	(2.1)	(3.9)	(0.5)
25	Elections - Number of Scheduled Elections	0.0	(0.4)	(1.2)	(2.5)	2.2
26	Ethics Commission - Public Financing of Elections	(0.7)	(3.0)	0.2	(2.7)	4.2
27	Affordable & Permanent Supportive Housing Project Costs	(1.3)	(8.1)	(8.0)	(5.2)	(9.8)
28	Homelessness - Expiring Grants for Shelters	-	-	(17.8)	(36.3)	(1.6)
29	Human Services Agency - IHSS and Other Benefit Costs	1.6	(18.1)	(22.7)	(29.7)	(38.2)
30	Public Health - Operating Costs	(7.1)	(50.8)	(38.1)	(41.2)	(44.8)
31	Downtown Recovery and Activation	-	2.7	-	-	-
32	Major Departmental Savings from FY 2025-26/FY 2026-27	-	18.1	-	-	-
33	All Other Departmental Savings / (Costs)	(5.2)	(15.2)	3.1	(2.3)	(2.8)
<b>Subtotal Departmental Costs</b>		<b>(11.0)</b>	<b>(78.5)</b>	<b>(86.6)</b>	<b>(123.9)</b>	<b>(91.3)</b>
<b>TOTAL CHANGES TO USES</b>		<b>(151.4)</b>	<b>(529.4)</b>	<b>(546.5)</b>	<b>(378.0)</b>	<b>(332.7)</b>
<b>Projected Surplus/(Shortfall) vs. Prior Year</b>		<b>(168.5)</b>	<b>(168.5)</b>	<b>(305.8)</b>	<b>(267.4)</b>	<b>(346.8)</b>
<b>Annual Projected Surplus/(Shortfall)</b>		<b>(168.5)</b>	<b>(168.5)</b>	<b>(474.3)</b>	<b>(741.7)</b>	<b>(1,088.6)</b>
<b>Two-Year Surplus/(Shortfall)</b>			<b>(642.8)</b>			

## Appendix B: Updated Base Case – General Fund-Supported Sources & Uses FY 2027-30 – CUMULATIVE CHANGE (\$ in millions)

This appendix provides an updated version of Table 2B from the December Five-Year Financial Plan.

SOURCES Increase/(Decrease)		Change from	Projection	Projection	Projection	Projection
		AAO Budget	2026-27	2027-28	2028-29	2029-30
<b>Fund Balance &amp; Reserves</b>						
1	Use of Fund Balance - Gain/(Loss)	(229.6)	(152.7)	296.8	72.0	(152.7)
2	Reserves - Use	-	44.8	(26.1)	(26.1)	(26.1)
<b>Subtotal Fund Balance &amp; Reserves</b>		<b>(229.6)</b>	<b>(107.9)</b>	<b>270.8</b>	<b>46.0</b>	<b>(178.8)</b>
<b>Revenues</b>						
3	General Fund Taxes, Revenues and Transfers net of items below	281.7	564.8	504.8	781.1	941.3
4	FEMA Revenue	(1.7)	(87.0)	(87.0)	(87.0)	(87.0)
5	Public Health - One-time Revenues	(4.0)	(49.6)	(49.6)	(49.6)	(49.6)
6	Public Health - Operating Revenues	24.2	120.6	171.7	232.6	259.5
7	Federal Policy Impacts	(84.5)	(84.5)	(221.8)	(226.0)	(204.8)
8	Other General Fund Support	(3.2)	4.6	12.6	15.1	17.4
<b>Subtotal Revenues</b>		<b>212.5</b>	<b>468.8</b>	<b>330.8</b>	<b>666.2</b>	<b>876.8</b>
<b>TOTAL CHANGES TO SOURCES</b>		<b>(17.1)</b>	<b>360.9</b>	<b>601.5</b>	<b>712.1</b>	<b>698.0</b>
<b>USES Decrease/(Increase)</b>						
<b>Baselines &amp; Reserves</b>						
8	Contributions to Baselines	(66.8)	(142.5)	(140.3)	(199.5)	(231.6)
9	Contributions to Reserves	(26.6)	(52.4)	(63.3)	(36.8)	(11.5)
<b>Subtotal Baselines and Reserves</b>		<b>(93.4)</b>	<b>(195.0)</b>	<b>(203.6)</b>	<b>(236.4)</b>	<b>(243.1)</b>
<b>Salaries &amp; Benefits</b>						
10	Previously Negotiated Closed Labor Agreements	0.4	(121.4)	(268.5)	(268.5)	(268.5)
11	Projected Costs of Open Labor Agreements	(6.0)	(27.2)	(141.4)	(232.1)	(355.9)
12	Health & Dental Benefits - Current & Retired Employees	(7.8)	(50.0)	(104.6)	(165.1)	(231.5)
13	Retirement Benefits - Employer Contribution Rates	(18.4)	(15.7)	(19.1)	(32.0)	3.5
14	Other Salaries and Benefits Savings/(Costs)	(4.4)	8.6	5.1	9.1	8.1
<b>Subtotal Salaries &amp; Benefits</b>		<b>(36.2)</b>	<b>(205.7)</b>	<b>(528.5)</b>	<b>(688.6)</b>	<b>(844.3)</b>
<b>Citywide Operating Costs</b>						
15	Capital, Equipment, & Technology	(1.1)	32.1	(0.8)	(30.7)	(61.3)
16	Multiyear Inflation on Nonprofit Grants	-	(24.1)	(49.6)	(75.8)	(102.8)
17	Minimum Compensation Ordinance	(0.4)	(2.7)	(5.8)	(8.7)	(11.3)
19	Debt Service & Real Estate	(10.0)	(45.7)	(97.3)	(84.9)	(88.8)
20	Sewer, Water, and Power Rates	0.2	(5.1)	(11.3)	(17.6)	(23.3)
21	Workers' Compensation Claims	-	1.1	(1.4)	(3.4)	(5.3)
22	Citywide Technology Operating Costs	1.0	(4.1)	(8.2)	(12.1)	(16.1)
23	Other Citywide Costs	(0.5)	(1.7)	(4.1)	(6.8)	(9.8)
<b>Subtotal Citywide Operating Costs</b>		<b>(10.8)</b>	<b>(50.2)</b>	<b>(178.6)</b>	<b>(239.9)</b>	<b>(318.9)</b>
<b>Departmental Costs</b>						
24	City Administrator's Office - Convention Facilities Subsidy	1.8	(3.8)	(5.9)	(9.8)	(10.3)
25	Elections - Number of Scheduled Elections	0.0	(0.4)	(1.6)	(4.2)	(2.0)
26	Ethics Commission - Public Financing of Elections	(0.7)	(3.0)	(2.7)	(5.5)	(1.3)
27	Affordable & Permanent Supportive Housing Project Costs	(1.3)	(8.1)	(16.0)	(21.2)	(31.0)
28	Homelessness - Expiring Grants for Shelters	-	-	(17.8)	(54.1)	(55.7)
29	Human Services Agency - IHSS and Other Benefit Costs	1.6	(18.1)	(40.8)	(70.5)	(108.7)
30	Public Health - Operating Costs	(7.1)	(50.8)	(88.9)	(130.1)	(174.9)
31	Downtown Recovery and Activation	-	2.7	2.7	2.7	2.7
32	Major Departmental Savings from FY 2025-26/FY 2026-27	-	18.1	18.1	18.1	18.1
33	All Other Departmental Savings / (Costs)	(5.2)	(15.2)	(12.1)	(14.4)	(17.2)
<b>Subtotal Departmental Costs</b>		<b>(11.0)</b>	<b>(78.5)</b>	<b>(165.1)</b>	<b>(289.0)</b>	<b>(380.3)</b>
<b>TOTAL CHANGES TO USES</b>		<b>(151.4)</b>	<b>(529.4)</b>	<b>(1,075.8)</b>	<b>(1,453.9)</b>	<b>(1,786.6)</b>
<b>Annual Projected Surplus/(Shortfall)</b>		<b>(168.5)</b>	<b>(168.5)</b>	<b>(474.3)</b>	<b>(741.7)</b>	<b>(1,088.6)</b>
<b>Two-Year Surplus/(Shortfall)</b>			<b>(642.8)</b>			

### Appendix C: Updated Base Case – Cumulative Changes to General Fund-Supported Sources & Uses FY 2027-30 Since the December 2025 Five-Year Financial Plan – (\$ in millions)

This appendix shows the changes to Table 2B from the December Five-Year Financial Plan.

<b>SOURCES Increase/(Decrease)</b>		Projection	Projection	Projection	Projection
		2026-27	2027-28	2028-29	2029-30
<b>Fund Balance &amp; Reserves</b>					
1	Use of Fund Balance - Gain/(Loss)	-	99.4	49.7	-
2	Reserves - Use	-	-	-	-
<b>Subtotal Fund Balance &amp; Reserves</b>		-	<b>99.4</b>	<b>49.7</b>	-
<b>Revenues</b>					
3	General Fund Taxes, Revenues and Transfers net of items below	173.7	(13.9)	8.0	1.4
4	FEMA Revenue	(1.7)	(1.7)	-	-
5	Public Health - One-time Revenues	(8.5)	(8.5)	(8.5)	(8.5)
6	Public Health - Operating Revenues	29.5	50.2	85.9	87.9
7	Federal Policy Impacts	-	-	-	-
8	Other General Fund Support	-	-	-	-
<b>Subtotal Revenues</b>		<b>193.0</b>	<b>26.1</b>	<b>85.4</b>	<b>80.8</b>
<b>TOTAL CHANGES TO SOURCES</b>		<b>193.0</b>	<b>125.6</b>	<b>135.1</b>	<b>80.8</b>
<b>USES Decrease/(Increase)</b>					
<b>Baselines &amp; Reserves</b>					
9	Contributions to Baselines	(40.2)	11.8	3.1	7.8
10	Contributions to Reserves	(36.0)	4.8	19.5	23.4
<b>Subtotal Baselines and Reserves</b>		<b>(76.2)</b>	<b>16.6</b>	<b>22.6</b>	<b>31.2</b>
<b>Salaries &amp; Benefits</b>					
11	Previously Negotiated Closed Labor Agreements	0.4	(0.4)	(0.4)	(0.4)
12	Projected Costs of Open Labor Agreements	(0.3)	(0.8)	(25.1)	(50.2)
13	Health & Dental Benefits - Current & Retired Employees	1.4	(0.9)	(3.7)	(6.9)
14	Retirement Benefits - Employer Contribution Rates	9.3	25.1	46.7	42.5
15	Other Salaries and Benefits Savings/(Costs)	-	-	(0.2)	(0.4)
<b>Subtotal Salaries &amp; Benefits</b>		<b>10.8</b>	<b>23.0</b>	<b>17.3</b>	<b>(15.4)</b>
<b>Citywide Operating Costs</b>					
16	Capital, Equipment, & Technology	-	-	-	-
17	Multiyear Inflation on Nonprofit Grants	-	-	(8.7)	(17.9)
18	Minimum Compensation Ordinance	-	-	-	-
19	Debt Service & Real Estate	0.2	0.8	1.2	1.2
20	Sewer, Water, and Power Rates	-	-	-	-
21	Workers' Compensation Claims	-	-	-	-
22	Citywide Technology Operating Costs	-	-	-	-
23	Other Citywide Costs	-	-	-	-
<b>Subtotal Citywide Operating Costs</b>		<b>0.2</b>	<b>0.8</b>	<b>(7.5)</b>	<b>(16.7)</b>
<b>Departmental Costs</b>					
24	City Administrator's Office - Convention Facilities Subsidy	-	-	-	-
25	Elections - Number of Scheduled Elections	-	-	-	-
26	Ethics Commission - Public Financing of Elections	-	-	-	-
27	Affordable & Permanent Supportive Housing Project Costs	-	-	-	-
28	Homelessness - Expiring Grants for Shelters	-	-	-	-
29	Human Services Agency - IHSS and Other Benefit Costs	-	-	-	-
30	Public Health - Operating Costs	-	-	-	-
31	Downtown Recovery and Activation	-	-	-	-
32	Major Departmental Savings from FY 2025-26/FY 2026-27	-	-	-	-
33	All Other Departmental Savings / (Costs)	-	-	-	-
<b>Subtotal Departmental Costs</b>		-	-	-	-
<b>TOTAL CHANGES TO USES</b>		<b>(65.2)</b>	<b>40.4</b>	<b>32.4</b>	<b>(0.9)</b>
<b>Change in Annual Projected Surplus/(Shortfall)</b>		<b>127.8</b>	<b>166.0</b>	<b>167.6</b>	<b>79.9</b>
<b>Change in Two-Year Surplus/(Shortfall)</b>		<b>293.8</b>			

**Appendix D: Updated Summary of Projected General Fund Operating Revenues and Transfers in FY 2024-25 through FY 2029-30 (\$ in millions)**

This appendix provides an updated version of Table 5 from the December Five-Year Financial Plan.

	FY 2024-25	FY 2025-26	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	Year-End	Original Budget	Projection	Projection	Projection	Projection	Projection
Property Taxes	\$ 2,485.1	\$ 2,437.0	\$ 2,451.0	\$ 2,403.0	\$ 2,407.0	\$ 2,465.0	\$ 2,533.0
Business Taxes	1,120.4	1,139.6	1,337.6	1,572.2	1,477.7	1,653.0	1,708.2
Sales Tax	188.3	189.5	201.0	201.8	207.8	215.3	222.5
Hotel Room Tax	255.3	265.2	282.8	289.4	291.6	300.0	304.4
Utility Users Tax	111.8	116.4	120.1	124.1	128.0	131.7	135.5
Parking Tax	81.3	88.8	83.5	83.5	83.5	83.5	83.5
Real Property Transfer Tax	294.4	267.6	345.3	358.8	370.4	381.5	392.5
Sugar Sweetened Beverage Tax	11.4	11.6	11.4	11.4	11.4	11.4	11.4
Stadium Admission Tax	8.9	8.6	9.9	9.9	9.9	9.9	9.9
Access Line Tax	58.1	54.5	80.0	60.7	61.1	62.3	63.4
Cannabis Tax	-	-	-	-	-	-	-
<b>Local Tax Revenues</b>	<b>4,615.0</b>	<b>4,578.8</b>	<b>4,922.6</b>	<b>5,114.7</b>	<b>5,048.4</b>	<b>5,313.7</b>	<b>5,464.3</b>
Licenses, Permits & Franchises	33.9	23.1	24.2	24.6	24.6	24.6	24.6
Fines, Forfeitures & Penalties	5.3	6.0	4.8	3.6	3.6	3.6	3.6
Interest & Investment Income	171.1	151.9	175.0	164.8	153.4	144.3	135.3
Rents & Concessions	15.8	18.5	18.7	25.3	25.3	25.3	25.3
<b>Licenses, Fines, Interest, Rent</b>	<b>226.0</b>	<b>199.5</b>	<b>222.7</b>	<b>218.3</b>	<b>206.9</b>	<b>197.8</b>	<b>188.8</b>
Social Service Subventions	326.2	370.1	385.4	381.6	381.6	381.6	381.6
Disaster Relief - FEMA	73.9	87.0	3.7	-	-	-	-
Other Grants & Subventions	(5.8)	2.1	2.1	2.6	2.6	2.6	2.6
<b>Federal Subventions</b>	<b>394.2</b>	<b>459.1</b>	<b>391.2</b>	<b>384.1</b>	<b>384.1</b>	<b>384.1</b>	<b>384.1</b>
Social Service Subventions	271.7	331.2	335.1	340.3	340.3	340.3	340.3
Health & Welfare Realignment - Sales Tax	246.4	231.2	236.3	239.7	249.3	260.0	270.9
Health & Welfare Realignment - VLF	61.1	41.5	42.3	43.0	43.6	44.4	44.5
Health & Welfare Realignment - CalWORKs IV	12.6	23.5	23.5	24.3	24.3	24.3	24.3
Health/Mental Health Subventions	159.9	117.5	117.5	122.5	122.5	122.5	122.5
Public Safety Sales Tax	96.1	97.2	96.3	101.2	104.2	107.4	110.7
Motor Vehicle In-Lieu (County & City)	2.5	1.1	1.1	1.1	1.1	1.1	1.1
Public Safety Realignment (AB109)	52.2	53.5	53.1	54.6	56.2	58.1	60.2
Other Grants & Subventions	120.7	13.5	27.6	13.5	13.5	13.5	13.5
<b>State Subventions</b>	<b>1,023.4</b>	<b>910.3</b>	<b>932.8</b>	<b>940.2</b>	<b>955.0</b>	<b>971.7</b>	<b>988.0</b>
<b>Charges for Services</b>	<b>354.5</b>	<b>382.9</b>	<b>448.0</b>	<b>386.9</b>	<b>386.9</b>	<b>386.9</b>	<b>386.9</b>
<b>Recovery of General Gov't Costs</b>	<b>27.7</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>	<b>22.3</b>
<b>Other Revenues</b>	<b>13.8</b>	<b>22.3</b>	<b>15.6</b>	<b>22.8</b>	<b>22.8</b>	<b>22.8</b>	<b>22.8</b>
<b>TOTAL REVENUES</b>	<b>6,654.7</b>	<b>6,575.3</b>	<b>6,955.1</b>	<b>7,089.3</b>	<b>7,026.5</b>	<b>7,299.3</b>	<b>7,457.2</b>
<b>Transfers in to General Fund</b>							
Airport	58.5	61.3	59.9	60.8	63.6	67.4	71.4
Commercial Rent Tax Transfer In	26.7	27.7	26.4	26.0	25.3	23.9	22.0
Other Transfers	208.9	169.6	170.8	187.7	187.7	187.7	187.7
<b>Total Transfers-In</b>	<b>294.0</b>	<b>258.5</b>	<b>257.1</b>	<b>274.5</b>	<b>276.6</b>	<b>279.0</b>	<b>281.1</b>
<b>TOTAL GF Revenues and Transfers-In</b>	<b>6,948.7</b>	<b>6,833.8</b>	<b>7,212.2</b>	<b>7,363.8</b>	<b>7,303.1</b>	<b>7,578.3</b>	<b>7,738.3</b>

### Appendix E: Projected Baselines, Set-Asides, Special Purpose Taxes, and Other Mandated Costs, FY 2026-27 through FY 2029-30 (\$ Millions)

This appendix provides an updated version of Table 5A from the December Five-Year Financial Plan.

	FY 2024-25	FY 2025-26	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	Actuals	Budget	Projection	Projection	Projection	Projection	Projection
<b>General Fund Aggregate Discretionary Revenue (ADR)</b>	<b>4,726.8</b>	<b>4,660.0</b>	<b>5,085.1</b>	<b>5,277.1</b>	<b>5,203.0</b>	<b>5,456.7</b>	<b>5,600.7</b>
<b>1 MUNICIPAL TRANSPORTATION AGENCY</b>							
Municipal Railway Baseline - 7.0675% ADR - GF Transfer	334.1	329.4	359.4	373.0	367.7	385.7	395.8 *
Parking & Traffic Baseline - 2.5070% ADR - GF Transfer	118.5	116.8	127.5	132.3	130.4	136.8	140.4 *
Population Adjustment - GF Transfer	89.4	90.5	89.8	90.2	90.8	92.2	93.5 *
Parking Tax In-Lieu - 80% Parking Tax - GF Transfer	65.0	71.0	66.8	66.8	66.8	66.8	66.8 *
Traffic Congestion Mitigation Fund - Special Tax (50%)	9.5	10.0	10.0	10.0	10.0	10.0	10.0
<b>Subtotal Municipal Transportation Agency</b>	<b>616.5</b>	<b>617.7</b>	<b>653.5</b>	<b>672.2</b>	<b>665.8</b>	<b>691.4</b>	<b>706.6</b>
<b>2 LIBRARY PRESERVATION FUND</b>							
Library Preservation Fund Baseline - 2.2858% ADR - GF Transfer	108.1	106.5	116.2	120.6	118.9	124.7	128.0 *
Library Preservation Fund Property Tax - \$0.025 per \$100 NAV	76.6	79.3	77.8	76.4	76.7	78.6	80.8
<b>Subtotal Library</b>	<b>184.6</b>	<b>185.9</b>	<b>194.0</b>	<b>197.0</b>	<b>195.6</b>	<b>203.4</b>	<b>208.8</b>
<b>3 RECREATION &amp; PARKS</b>							
Open Space Property Tax - \$0.025 per \$100 NAV	76.6	79.3	77.8	76.4	76.7	78.6	80.8
Recreation & Parks Baseline MOE Required GF Support	85.2	88.2	88.2	91.5	90.2	94.6	97.1 *
<b>Subtotal Recreation and Park</b>	<b>161.7</b>	<b>167.5</b>	<b>166.0</b>	<b>167.9</b>	<b>166.9</b>	<b>173.2</b>	<b>177.9</b>
<b>CHILDREN'S SERVICES</b>							
<b>4 Children &amp; Youth Fund</b>							
Property Tax - \$0.04 per \$100 NAV	123.3	126.9	124.9	122.3	122.7	125.8	129.3
Children's Services Baseline Requirement - 4.8296% ADR	228.3	225.1	245.6	254.9	251.3	263.5	270.5 *
Transitional Aged Youth Baseline Requirement - 0.5800% ADR	27.4	27.0	29.5	30.6	30.2	31.7	32.5 *
<b>5 Babies &amp; Families First Fund</b>							
Commercial Rents Tax (85%)	152.7	156.7	149.6	147.5	143.3	135.5	124.9
Early Care and Education Baseline Requirement	93.8	93.8	93.8	97.3	96.0	100.7	103.3 *
<b>6 Public Education Enrichment Fund - 3.0567% ADR</b>							
Public Education Enrichment Fund Total - GF Transfer	144.5	142.5	155.4	161.3	159.1	166.8	171.2 *
1/3 Annual Contribution to Preschool for All	48.2	47.5	51.8	53.8	53.0	55.6	57.1
2/3 Annual Contribution to SFUSD	96.3	95.0	103.6	107.5	106.0	111.2	114.1
Public Education Services Baseline - 0.2898% ADR - GF (50%) and CYF (50%) Transfer	13.7	13.5	14.7	15.3	15.1	15.8	16.2 *
<b>7 Student Success Fund (SFUSD) - GF Transfer</b>	35.0	35.0	35.0	45.0	60.0	62.9	64.6 *
<b>8 Fair Wages for Educators Fund (SFUSD) - Parcel Tax</b>	53.9	54.0	55.6	57.3	59.0	60.8	62.6
<b>Subtotal Children and Youth Services</b>	<b>872.5</b>	<b>874.5</b>	<b>904.2</b>	<b>931.5</b>	<b>936.6</b>	<b>963.4</b>	<b>975.1</b>
<b>HOMELESSNESS &amp; HOUSING</b>							
<b>9 Our City, Our Home Fund</b>							
Homelessness Gross Receipts Tax	296.0	335.9	434.0	465.0	445.0	469.0	493.0
Our City, Our Home Baseline Requirement	215.0	215.0	215.0	215.0	215.0	215.0	215.0
<b>10 Housing Trust Fund - GF Transfer</b>	47.3	48.8	51.7	53.8	53.0	59.3	60.8 *
<b>11 Affordable Housing Opportunity Fund - GF Transfer</b>	-	-	-	8.3	8.1	8.4	8.6 *
<b>12 Housing Activation Fund - Empty Homes Tax</b>	-	-	-	-	-	-	-
<b>Subtotal Homelessness and Housing</b>	<b>558.3</b>	<b>599.7</b>	<b>700.7</b>	<b>742.0</b>	<b>721.1</b>	<b>751.7</b>	<b>777.4</b>
<b>ARTS</b>							
Hotel Tax for Arts Fund - Hotel Tax	32.0	33.0	35.2	36.0	36.3	37.3	37.9
Property Tax - Municipal Symphony - \$0.00125 per \$100 NAV	4.4	4.5	4.5	4.6	4.6	4.7	4.8
<b>Subtotal Arts</b>	<b>36.4</b>	<b>37.5</b>	<b>39.7</b>	<b>40.6</b>	<b>40.9</b>	<b>42.1</b>	<b>42.7</b>
<b>OTHER</b>							
Small Business Assistance Fund - Commercial Vacancy Tax	2.7	2.0	2.0	1.9	1.8	1.8	1.8 *
<b>16 Dignity Fund - GF Transfer</b>	59.1	59.1	59.1	62.1	61.2	64.2	65.9 *
<b>17 Street Tree Maintenance Fund - GF Transfer</b>	23.0	23.0	23.0	23.9	23.5	24.7	25.3 *
<b>18 City Services Auditor - 0.2% of Citywide Budget - Work Order</b>	26.8	26.3	26.3	27.9	27.9	27.9	27.9 *
<b>Subtotal Other</b>	<b>111.7</b>	<b>110.4</b>	<b>110.4</b>	<b>115.7</b>	<b>114.4</b>	<b>118.6</b>	<b>120.9</b>
<b>Total Baselines, Set Asides and Special Taxes</b>	<b>2,541.7</b>	<b>2,593.3</b>	<b>2,768.4</b>	<b>2,867.0</b>	<b>2,841.4</b>	<b>2,943.7</b>	<b>3,009.4</b>

Note: Table shows required funding levels. \* Indicates General Fund impact

**Appendix F: Summary of Projected Reserve Balances - FY 2024-25 through FY 2029-30 (\$ in millions)**

This appendix provides an updated version of Table 6 from the December Five-Year Financial Plan.

	FY 2024-25	FY 2025-26			FY 2026-27			FY 2027-28			FY 2028-29			FY 2029-30		
	Ending Balance	Deposit	Use	Projected Balance	Deposit	Use	Projected Balance	Deposit	Use	Projected Balance	Deposit	Use	Projected Balance	Deposit	Use	Projected Balance
<b>General Reserve</b>	<b>\$ 136.8</b>	<b>\$ 27.6</b>	<b>(8.0)</b>	<b>\$ 156.4</b>	<b>\$ 38.6</b>	<b>-</b>	<b>\$ 195.0</b>	<b>\$ 15.8</b>	<b>-</b>	<b>\$ 210.8</b>	<b>\$ 8.2</b>	<b>-</b>	<b>\$ 219.0</b>	<b>\$ 4.7</b>	<b>-</b>	<b>\$ 223.7</b>
Rainy Day Economic Stabilization City Reserve	114.5	-	-	114.5	-	-	114.5	-	-	114.5	-	-	114.5	-	-	114.5
Budget Stabilization Reserve	390.9	14.9	-	405.8	40.5	-	446.3	73.4	-	519.7	54.2	-	573.9	31.8	-	605.7
<b>Economic Stabilization Reserves</b>	<b>505.4</b>	<b>14.9</b>	<b>-</b>	<b>520.3</b>	<b>40.5</b>	<b>-</b>	<b>560.8</b>	<b>73.4</b>	<b>-</b>	<b>634.3</b>	<b>54.2</b>	<b>-</b>	<b>688.4</b>	<b>31.8</b>	<b>-</b>	<b>720.3</b>
<i>Percent of General Fund Revenues</i>	<b>7.6%</b>			<b>7.5%</b>			<b>7.9%</b>			<b>9.0%</b>			<b>9.4%</b>			<b>9.7%</b>
Budget Stabilization One Time Reserve	54.8	-	-	54.8	-	(54.8)	-	-	-	-	-	-	-	-	-	-
Rainy Day Economic Stabilization SFUSD Reserve	1.0	-	-	1.0	-	-	1.0	-	-	1.0	-	-	1.0	-	-	1.0
Federal and State Emergency Grant Disallowance Reserve	2.1	-	(1.1)	1.1	-	(1.1)	-	-	-	-	-	-	-	-	-	-
Fiscal Cliff Reserve	40.0	-	(25.0)	15.0	-	(15.0)	-	-	-	-	-	-	-	-	-	-
Federal and State Revenue Risk Reserve	221.6	240.8	(9.1)	453.3	-	-	453.3	-	-	453.3	-	-	453.3	-	-	453.3
Business Tax Stabilization Reserve	29.5	-	-	29.5	-	-	29.5	-	-	29.5	-	-	29.5	-	-	29.5
Public Health Revenue Management Reserve	174.2	-	-	174.2	-	-	174.2	-	-	174.2	-	-	174.2	-	-	174.2
Free City College Reserve	0.1	8.6	(8.4)	0.3	-	-	0.3	-	-	0.3	-	-	0.3	-	-	0.3
Student Success Fund Reserve	18.1	-	-	18.1	-	-	18.1	-	-	18.1	-	-	18.1	-	-	18.1
<b>Other Reserves</b>	<b>541.4</b>	<b>249.4</b>	<b>(43.6)</b>	<b>747.3</b>	<b>-</b>	<b>(70.9)</b>	<b>676.4</b>	<b>-</b>	<b>-</b>	<b>676.4</b>	<b>-</b>	<b>-</b>	<b>676.4</b>	<b>-</b>	<b>-</b>	<b>676.4</b>
Litigation Reserve	-	11.0	(11.0)	-	11.0	(11.0)	-	11.0	(11.0)	-	11.0	(11.0)	-	11.0	(11.0)	-
Salary and Benefits Reserve	9.6	22.0	(31.6)	-	21.3	(21.3)	-	22.0	(22.0)	-	22.5	(22.5)	-	23.0	(23.0)	-
<b>Annual Operating Reserves</b>	<b>9.6</b>	<b>33.0</b>	<b>(42.6)</b>	<b>-</b>	<b>32.3</b>	<b>(32.3)</b>	<b>-</b>	<b>33.0</b>	<b>(33.0)</b>	<b>-</b>	<b>33.5</b>	<b>(33.5)</b>	<b>-</b>	<b>34.0</b>	<b>(34.0)</b>	<b>-</b>
<b>TOTAL, General Fund Reserves</b>	<b>1,193.2</b>	<b>325.0</b>	<b>(94.1)</b>	<b>1,424.0</b>	<b>111.4</b>	<b>(103.3)</b>	<b>1,432.2</b>	<b>122.3</b>	<b>(33.0)</b>	<b>1,521.5</b>	<b>95.9</b>	<b>(33.5)</b>	<b>1,583.8</b>	<b>70.6</b>	<b>(34.0)</b>	<b>1,620.4</b>

BOARD of SUPERVISORS



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## MEMORANDUM

TO: Greg Wagner, City Controller, Office of the Controller  
Sophia Kittler, Budget Director, Mayor's Office of Public Policy and Finance

FROM: Brent Jalipa, Assistant Clerk  
Budget and Appropriations Committee

DATE: January 31, 2025

SUBJECT: HEARING MATTER INTRODUCED

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The Board of Supervisors' Budget and Appropriations Committee has received the following hearing request, introduced by Supervisor Connie Chan:

**File No. 260328**

**Hearing on the March update of the City and County of San Francisco's Five-Year Financial Plan; the threat of federal and state funding cuts and their impact on City programs and services; the planned approach to mitigate these cuts; and requesting the Controller and the Mayor's Budget Director to report.**

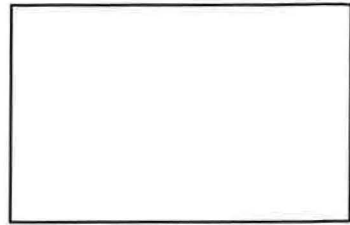
Pursuant to the hearing request, you or a representative will be expected to attend and present on the subject when this matter is agendaized.

If you have any comments or reports to be included with the file, please forward them to me by email to: [brent.jalipa@sfgov.org](mailto:brent.jalipa@sfgov.org).

c: ChiaYu Ma, Office of the Controller  
Ayesha Hossain, Office of the Controller  
Devin Macaulay, Office of the Controller  
Adam Thongsavat, Mayor's Office  
Aly Bonde, Mayor's Office

## Introduction Form

*(by a Member of the Board of Supervisors or the Mayor)*



I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- 2. Request for next printed agenda (For Adoption Without Committee Reference)  
*(Routine, non-controversial and/or commendatory matters only)*
- 3. Request for Hearing on a subject matter at Committee
- 4. Request for Letter beginning with "Supervisor \_\_\_\_\_ inquires..."
- 5. City Attorney Request
- 6. Call File No. \_\_\_\_\_ from Committee.
- 7. Budget and Legislative Analyst Request (attached written Motion)
- 8. Substitute Legislation File No. \_\_\_\_\_
- 9. Reactivate File No. \_\_\_\_\_
- 10. Topic submitted for Mayoral Appearance before the Board on \_\_\_\_\_

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- Small Business Commission     Youth Commission     Ethics Commission
- Planning Commission     Building Inspection Commission     Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- Yes                       No

*(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)*

Sponsor(s):

Chan

Subject:

Hearing - Five Year Financial Plan - March Update

Long Title or text listed:

Hearing on the March update to the City and County of San Francisco's Five-Year Financial Plan; on the threat of federal and state funding cuts and their impact on City programs and services; on the planned approach to mitigate these cuts; and requesting the Controller and the Mayor's Budget Director to report.

Signature of Sponsoring Supervisor: